

Fraud at the USPTO

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“But Officer, I *Am* 21”

- “Fraud in procuring a trademark registration or renewal occurs when an applicant knowingly makes false, material representations of fact in connection with its application.”
 - ★ *Torres v. Cantine Torresella S.r.l.*, 808 F.2d 46, 1 USPQ 1d 1483, 1484-85 (Fed. Cir. 1986)

What Representation of Fact = Material Falsity?

- A *false* statement or omission



What Representation of Fact = Material Falsity?

- That results in issuance of a registration which would not have issued *but for* the statement or omission

What State of Mind = Intent?

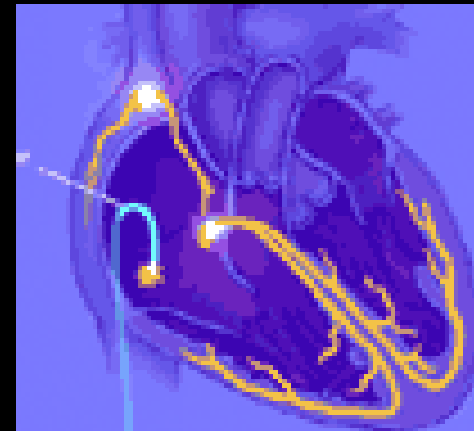
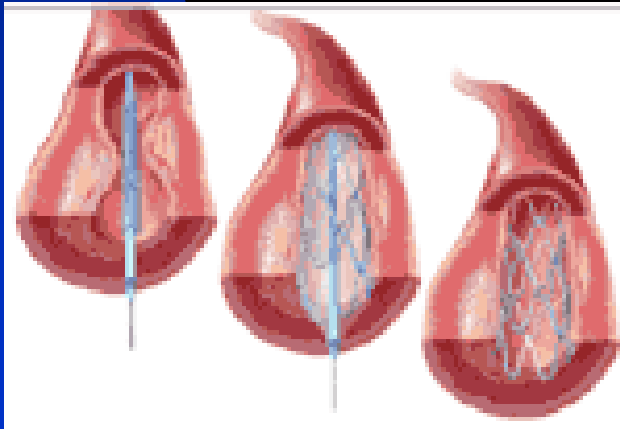
- “Fraud implies some intentional deceitful practice or act designed to obtain something to which the person practicing such deceit would not otherwise be entitled.”
 - ★ *Smith International, Inc. v. Olin Corporation* 209 USPQ 1033 , 1043, 1044 (TTAB 1981)

“What Do You Mean, I *Should* Know How Old I Am?”

- “The intent element of fraud may be found when an applicant or registrant makes a false material representation that the applicant or registrant knew or should have known was false.”
 - ★ *Tequila Cazadores, S.A. De C.V. and Bacardi & Company Limited v. Tequila Centinela, S.A. De C.V., Opposition No. 91125436, 2/24/04*

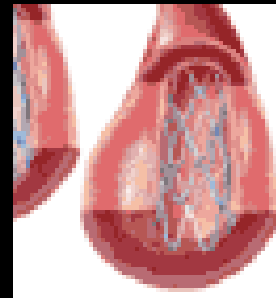
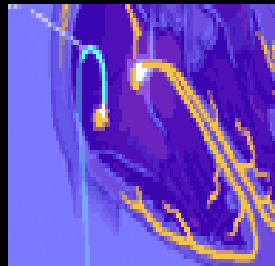
Medinol v. Neuro Vasx, Inc.

- Respondent Neuro Vasx Inc. obtained a registration for the mark NEURO VASX for “medical devices, namely, neurological stents and catheters.”



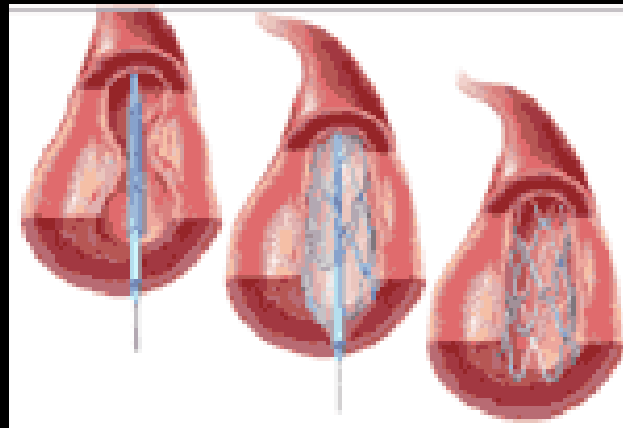
Neuro Vasx's Statement of Use

- “Applicant is using the mark in commerce on or in connection with ... Those goods/services identified in the Notice of Allowance in this Application.”



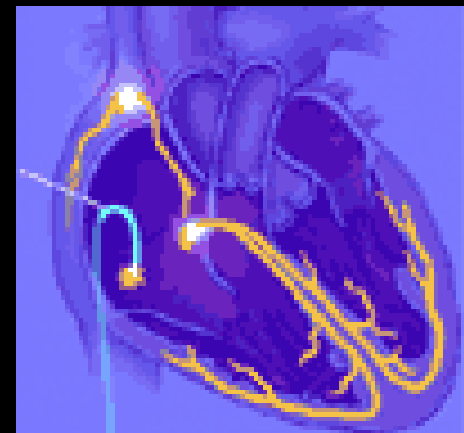
Two Years Later....

- Medinol filed an application for the mark NIROVASCULAR for “medical devices, namely stents.”



No Use on Stents

- Medinol alleged “on information and belief” that Neuro Vasx committed fraud by claiming use on stents



“Apparently Overlooked”



- In its **answer**,
 - ◆ Neuro Vasx admitted that it had not used the mark in connection with stents
 - ◆ The item had been “apparently overlooked” on the SOU

Neuro Vasx's Motions



- Motion to amend its registration
 - ◆ To delete “stents”
- Motion for summary judgment
 - ◆ Against Neuro Vasx with respect to “stents”
 - ◆ And to dismiss the petition with respect to “catheters.”



- “Neither the identification of goods nor the statement of use itself were lengthy, highly technical, or otherwise confusing, and the President/CEO who signed the document was clearly in a position to know (or to inquire) as to the truth of the statements therein.”

★ *Medinol*, 67 USPQ2d at 1210

Sua Sponte – MSJ v. Neuro Vasx



- “[Neuro Vasx]’s knowledge that its mark was not in use on stents – or its **reckless disregard for the truth** – is all that is required to establish intent to commit fraud in the procurement of a registration.”

Stents, Catheters, and Bears, Oh My!

- The Board looked “not into the registrant’s subjective intent, but rather into the objective manifestations of that intent.”

★ *Medinol Ltd. v. Neuro Vasx, Inc.*,
67 USPQ2d 1205, 1209 (TTAB
2003)



- Little Incentive to tell the Truth
- Improper Legal Presumptions



Any Way Out?

- ...it is clear that not all incorrect statements constitute fraud...”
 - ★ *Medinol*, 67 USPQ2d at 1210



Maid or Maids or Made to Order?

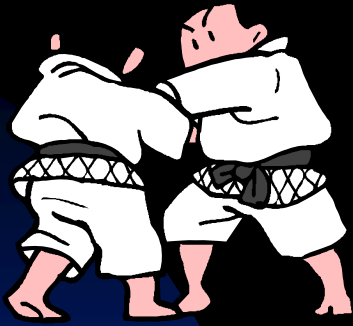


- ◆ MTO twice sent employees to work in homes in Wisconsin
- ◆ MTO invoiced clients headquartered out-of-state for work done in Chicago, and was paid with out-of-state checks
- ◆ MTO sent postcards and business cards to out-of-state addresses



Made to Order?

- “Ms. Kern had a good faith belief that MTO had used/was using the mark MAID TO ORDER in interstate commerce. This belief is sufficient to negate an inference of fraud upon the USPTO in obtaining and maintaining the registration.”
 - ★ *See Maids to Order of Ohio, Inc. v. Maid-to-Order, Inc.*, 78 USPQ2d 1899, 1907 (TTAB 2006)



Dueling Fraud Claims

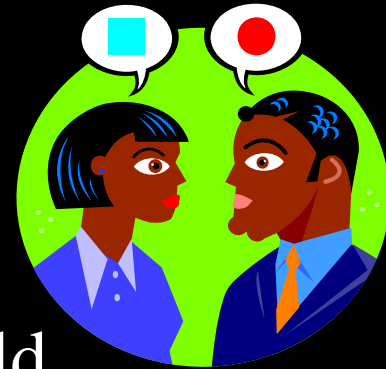
- Ms. Kern alleged MTO/Ohio committed fraud in its own application, because it knew about her services at the time it filed the application
- MTO/Ohio had even tried to buy her registration

Standard Knitting, Ltd. v. Toyota Jidosha KK



No Use As of Filing Date

- From lawyer to chief operating officer
- From COO to president
- No one focused on when the goods may have been sold or whether they were sold in the United States





- “This is not a situation where opposer misunderstood the significance of the statements it signed. Rather, opposer disregarded the significance.”

★ *Standard Knitting, Ltd. v. Toyota Jidosha KK*, 77 USPQ2d at 1927



- “... specific or actual intent...is not material to the question of fraud.”

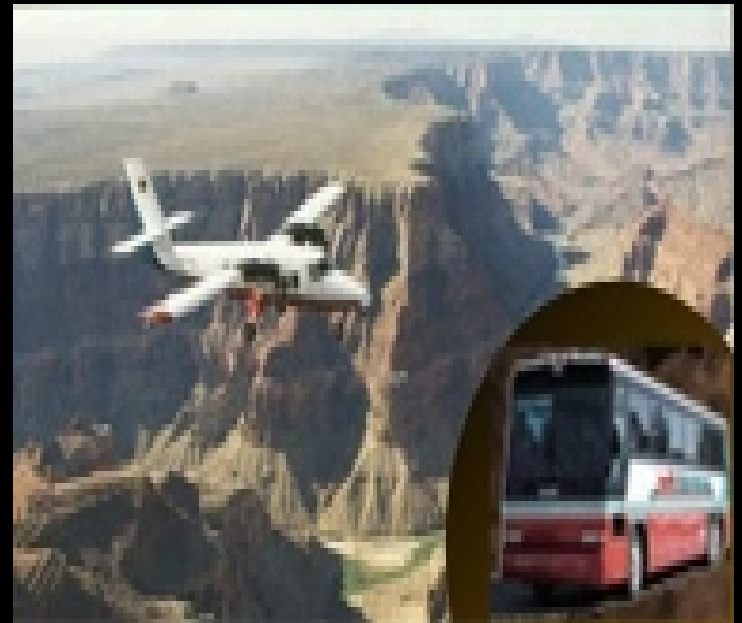
★ *Standard Knitting, Ltd. v. Toyota Jidosha KK*, 77 USPQ2d at 1928

Grand Canyon West Ranch, LLC v. Hualapai Tribe



- “non use is not fraud.”
 - ★ *Grand Canyon West Ranch, LLC
v. Hualapai Tribe*, 78 USPQ2d
1696 (TTAB 2006)

See the Grand Canyon!

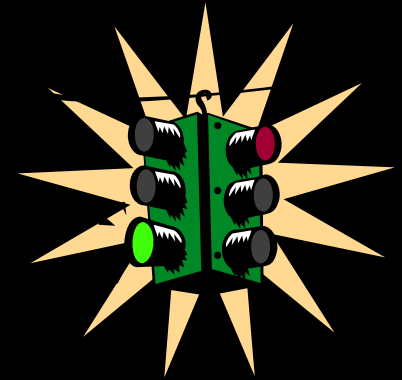


Motion to Amend Granted



Motion for SJ Denied

But Fraud Is Now Alleged



- “The deletion of these services ... does not preclude opposer from moving to amend its notice of opposition to assert a ground of fraud ... assuming, of course, that opposer has a good faith belief that such a ground is warranted.”
 - ★ *Grand Canyon*, 78 USPQ2d at 1698

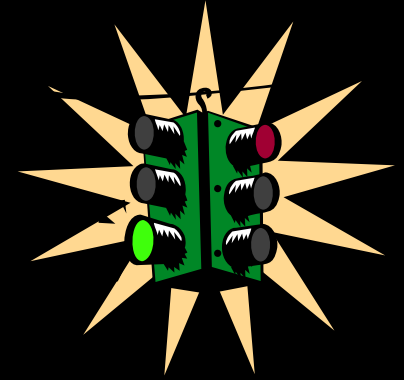
The Amended Pleading

“On information and belief” —

- The TTAB held that Applicant has not made use of its mark in connection with specific services
- Applicant misrepresented the nature of its use because it “knew or should have known” that it had not used the mark on each service
- Entire application void *ab initio*

Opposer's Motion Granted

- The Board liberally grants leave to amend at any stage when justice so requires unless entry would:
 - Violate settled law
 - Be prejudicial
 - Be futile
- ★ *Grand Canyon, slip op.*, December 21, 2006



Opposer's Motion Granted

Discovery Period Reopened

ISO: Thorough, Honest and Accurate Applicants

"Statements made with such degree of solemnity clearly are -- or should be -- investigated thoroughly prior to signature and submission to the USPTO."

Medinol, 67 USPQ2d at 1209



The End

